DISTRICT COURT, DENVER CITY AND COUNTY, COLORADO 1437 Bannock Street Denver, Colorado 80202 STATE OF COLORADO, ex rel. JOHN W. SUTHERS, ATTORNEY GENERAL, AND JULIE MEAD, ADMINISTRATOR, UNIFORM CONSUMER CREDIT CODE, Plaintiffs, v. CENTER FOR EXCELLENCE IN HIGHER EDUCATION, INC., a not-for-profit company; COLLEGEAMERICA DENVER, INC. and COLLEGEAMERICA ARIZONA, INC., divisions thereof, d/b/a COLLEGEAMERICA; STEVENS-HENAGER COLLEGE, INC., a division thereof, d/b/a STEVENS HENAGER COLLEGE; COLLEGE AMERICA SERVICES, INC., a division thereof; THE CARL BARNEY LIVING TRUST; CARL BARNEY, Chairman; and ERIC JUHLIN, Chief Executive Officer, Defendants.	DATE FILED: December 1, 2014 5:58 PM FILING ID: 5F62C46FE92FD CASE NUMBER: 2014CV34530 ▲ **COURT USE ONLY** ▲
Attorneys for Plaintiff: JOHN W. SUTHERS Attorney General JAY B. SIMONSON, 24077* First Assistant Attorney General OLIVIA C. DEBLASIO, 35867* Senior Assistant Attorney General MARK T. BAILEY, *36861 SARAH P. JACKSON, *45212 Assistant Attorneys General 1300 Broadway, 7th Floor Denver, CO 80203 (720)508-6209 (720)508-6040 Fax *Counsel of Record	Case No.:

COMPLAINT

Plaintiffs, the State of Colorado, upon relation of John W. Suthers, Attorney General for the State of Colorado, and Julie Mead, Administrator of the Uniform Consumer Credit Code, by and through undersigned counsel, state and allege as follows:

INTRODUCTION

1. This is an action brought by the State of Colorado pursuant to the Colorado Consumer Protection Act, §§ 6-1-101, *et seq.* (2014) ("CCPA"), and the Colorado Uniform Consumer Credit Code, §§ 5-1-101, *et seq.*, C.R.S. (2014) ("UCCC"), to enjoin and restrain Defendants from engaging in certain unlawful practices, for statutorily mandated civil penalties, disgorgement, consumer restitution, and other relief as provided in the CCPA and the UCCC.

PARTIES

2. John W. Suthers is the duly-elected Attorney General of the State of Colorado and is authorized under § 6-1-103, C.R.S. to enforce the provisions of the CCPA.

3. Julie Mead is the Administrator of the UCCC. She is authorized to enforce compliance with the UCCC. She may bring a civil action against a creditor for fraudulent or unconscionable conduct in inducing consumers to enter into consumer credit transactions, as defined by the UCCC. In such action, the Administrator may seek injunctive and other equitable relief to restrain persons from violating the UCCC, obtain consumer restitution, and collect civil penalties for violations of the UCCC. See C.R.S. §§ 5-6-111, 5-6-113, and 5-6-114.

4. Defendant Center for Excellence in Higher Education, Inc. ("CEHE") is an Indiana not-for-profit company established in 2006.

5. On December 31, 2012, Defendants Stevens-Henager College, Inc., CollegeAmerica Denver, Inc., CollegeAmerica Arizona, Inc.[1], California College, Inc., and CollegeAmerica Services, Inc., all of which were for-profit corporations, merged into CEHE.

[1] CollegeAmerica Arizona, Inc. was originally incorporated as CollegeAmerica Colorado Springs, Inc. on November 30, 2001. CollegeAmerica Colorado Springs, Inc. changed its name to CollegeAmerica Arizona, Inc. on February 11, 2004. This entity has operated CollegeAmerica campuses in Colorado Springs. Any reference herein to CollegeAmerica Arizona, Inc. includes and incorporates by reference CollegeAmerica Colorado Springs, Inc.

6. Prior to the merger with CEHE, CollegeAmerica Denver, Inc. and CollegeAmerica Arizona, Inc. operated CollegeAmerica career schools at eight physical campuses in Arizona, Idaho, Wyoming and Colorado. CEHE currently operates these institutions.

7. Beginning in 1993, CollegeAmerica Denver, Inc., operated a CollegeAmerica campus located at 1385 South Colorado Boulevard in Denver. CollegeAmerica Denver, Inc. also operated campuses at 4601 South Mason Street in Fort Collins, and 6101 Yellowstone Road, Suite 101 in Cheyenne, Wyoming. These institutions, at these locations, are currently operated by CEHE.

8. Beginning in 2001, CollegeAmerica Arizona, Inc. operated a CollegeAmerica campus at 2020 North Academy Boulevard in Colorado Springs, with a satellite campus at 1026 Maxwell Street in Colorado Springs. These institutions, at these locations, are currently operated by CEHE.

9. Prior to the merger, Stevens-Henager College, Inc. operated Stevens-Henager career schools in Utah and Idaho. Stevens-Henager College, Inc. also offered online courses to Colorado students. Stevens-Henager College, Inc.'s principal place of business was 4021 South 700 East, Suite 400, Salt Lake City, Utah. CEHE continues the operations of Steven-Henager College, Inc.

10. CEHE's principal place of business is 4021 South 700 East, Suite 400, Salt Lake City, Utah, the same location as the former principal place of business of Stevens-Henager College, Inc.

11. As part of a $480,000,000 transaction, all of the Stevens-Henager, CollegeAmerica and California College corporations became divisions of CEHE and all their assets and liabilities were acquired by CEHE.

12. CEHE exercises operational control over the corporations using most of the same management team members as existed within the corporations before the change of ownership.

13. Until the merger, College America Services, Inc. ("CASI") provided centralized management and operational support to CollegeAmerica, Stevens-Henager College and California College. All collections of Defendants' institutional loans were conducted by CASI or outside vendors under the management of CASI. CEHE now performs the services that CASI performed prior to the merger.

14. Defendant Carl Barney ("Barney") lives at 20 Somers Drive, Crystal Bay, Nevada.

15. Prior to the December 31, 2012 merger with CEHE, Barney was the owner and sole shareholder of Stevens-Henager College, Inc., CollegeAmerica Denver, Inc., CollegeAmerica Arizona, Inc., California College San Diego, Inc., California College, Inc., and CASI.

16. In order to effectuate the December 31, 2012 merger between CEHE and Stevens-Henager College, Inc., CollegeAmerica Denver, Inc., CollegeAmerica Arizona, Inc., California College San Diego, Inc., California College, Inc., and CASI, Barney donated $10,000,000 in cash to CEHE. After the merger, Barney continued his control of the companies and serves as the chairman and sole member of CEHE.

17. Barney developed CollegeAmerica's advertising, lead generation, and enrollment practices as described herein. Barney is aware of CollegeAmerica's graduate outcomes as well. He conceived of and directed the practices and policies of Defendants to such a degree as to make him personally liable for the deceptive trade practices alleged herein of all Defendants.

18. The Carl Barney Living Trust ("the Trust"), with addresses of P.O. Box 1157 and 20 Somers Drive, Crystal Bay, Nevada, is the largest creditor of CEHE. Prior to the merger, the Trust owned all of the stock in Stevens-Henager College, Inc., CollegeAmerica Denver, Inc., CollegeAmerica Arizona, Inc., California College San Diego, Inc., California College, Inc., and CASI. In order to effectuate the merger in 2012, the Trust loaned a portion of the purchase price to CEHE.

19. Barney is the sole trustee and beneficiary of the Trust. CEHE is repaying the Trust on two loans, the payment schedules for which are tied to the campuses' financial performance. CEHE's financial performance is based primarily on its campuses' enrollment numbers.

20. Since 2010, Defendant Eric Juhlin ("Juhlin") served as the Chief Executive Officer of Stevens-Henager College, Inc., CollegeAmerica Denver, Inc., CollegeAmerica Arizona, Inc., California College San Diego, Inc., California College, Inc., and CASI. Since the merger, Juhlin serves as Chief Executive Officer of CEHE.

21. Juhlin lives at 1545 East Federal Heights Drive, Salt Lake City, Utah.

22. Juhlin was active in developing and carrying out CollegeAmerica's business plan. Juhlin is aware of, authorizes, and condones CollegeAmerica's advertising, lead generation, and enrollment practices, and is aware of student outcomes. He conceived of and directed the practices and policies of CollegeAmerica to such a degree as to make him personally liable for the deceptive trade practices alleged herein.

23. Defendants are collectively referred to herein as "CollegeAmerica" or "Defendants."

JURISDICTION AND VENUE

24. This Court has personal jurisdiction over Defendants because Defendants (a) do business in the State of Colorado at times material to this action; (b) purposely avail themselves of the rights and privileges of the State of Colorado at times material to this action; (c) engage in the practice and conduct described in this Complaint in the State of Colorado; and, as to Defendants Barney and Juhlin, (d) direct, control, manage, participate in, and/or supervise the deceptive trade practices alleged herein.

25. This Court, under §§ 6-1-103, 110(1) and 5-1-203 C.R.S., has subject matter jurisdiction to enter appropriate orders before and after an ultimate determination of liability.

26. The violations alleged herein were committed, in part, in the City and County of Denver, Colorado. Venue is proper in the county of Denver, Colorado, under §§ 6-1-103 and 5-1-203 C.R.S., and Colo. R. Civ. P. 98 (2014).

RELEVANT TIMES

27. The conduct that gives rise to the claims for relief contained in this Complaint began in or before 2002 and continues to the present.

28. Plaintiff timely brings this action within three years of the date on which false, misleading, and deceptive acts or practices occurred, or the date on which the last in a series of such acts or practices occurred, or within three years after the discovery of the false, misleading or deceptive trade practices. See § 6-1-115, C.R.S.

PUBLIC INTEREST

29. Through the unlawful practices of their business, Defendants have deceived, misled, and financially injured consumers in Colorado. Therefore, these legal proceedings are in the public interest and are necessary to safeguard citizens from Defendants' unlawful business activities.

BACKGROUND

30. CollegeAmerica began operating as a career school in Colorado in 1993. It initially offered computer training. In 1998, CollegeAmerica began advertising and offering enrollment into associate's degree programs; and in 2002 CollegeAmerica

began offering bachelor's degree programs. Currently, CollegeAmerica offers degrees in technology, healthcare, and business.

31. CollegeAmerica is an open-enrollment institution.

32. More than 8,667 students have enrolled in CollegeAmerica's Colorado and Wyoming campuses since 2006.

33. According to CollegeAmerica's most recent data reported to the U.S. Department of Education, eighty-one percent of CollegeAmerica students are women. Forty-five percent of CollegeAmerica's students are under the age of 25. Forty-two percent of the student population represent racial and ethnic minorities. Upon information and belief, many CollegeAmerica students did not graduate from high school and instead earned a GED.

34. The U.S. Department of Education tracks the ability of graduates to repay their federal student loans. More than 38% of Colorado's CollegeAmerica students whose federal loans went into repayment in 2009 defaulted on those loans within three years. More than 34% of Colorado's CollegeAmerica students whose federal loans went into repayment in 2010 defaulted on those loans within three years. In contrast, the national average three-year default rate of all public and private schools during the same timeframe was between 13.4% and 14.7%, less than half of CollegeAmerica's rates in Colorado.

35. Approximately 90% percent of CollegeAmerica's tuition revenue is derived from federal student loans under the Higher Education Act ("HEA"), 20 U.S.C.A. §§1070-1099d (2014) ("Title IV financial aid").

36. According to 2011 accreditation reports, CollegeAmerica's Colorado campuses received more than $38 million in gross tuition revenue in 2010.

37. Defendants offer to their students financing to pay expenses not otherwise covered by federal student loans. Defendants' financing transactions are consumer credit sales under the UCCC, C.R.S. § 5-1-301(11), and Defendants are a creditor under the UCCC. C.R.S. § 5-1-301(17).

38. Defendants' institutional financing "gap" loan is an installment payment agreement, which, at times, Defendants have referred to as "EduPlan." Most students who enroll in CollegeAmerica take out an EduPlan loan in order to pay tuition costs that are not otherwise covered by Title IV financial aid.

39. In order to be eligible to offer Title IV financial aid to their students, CollegeAmerica must be institutionally accredited.

40. CollegeAmerica is accredited by the Accrediting Commission of Career Schools and Colleges ("ACCSC"), one of the largest private, nongovernmental entities that accredit career colleges.

41. ACCSC requires its member schools to calculate and report annual graduation and graduate employment placement rates for each school's degree programs.

42. ACCSC also requires its member schools to maintain a 68 percent graduate employment threshold. ACCSC provides a method to calculate job placement rates. Graduates' jobs must be in the field of study to be included in the schools' job placement rate.

43. Although ACCSC requires schools, including CollegeAmerica, to maintain records supporting their graduate job placement rates, ACCSC only reviews the underlying data if a school's degree program fails to meet the 68 percent graduate employment benchmark.

44. CollegeAmerica maintains its supporting data of graduation and graduate employment placement rates in a database called Diamond D, in paper files, and in static charts saved electronically.

45. CollegeAmerica's backup data includes CollegeAmerica's determination of whether graduates are employed in field, employed in related field, employed out of field, unemployed, or unavailable for employment. The data also includes wage and salary information for some graduates.

46. Credits earned at CollegeAmerica do not transfer to most other educational institutions.

47. The Colorado Department of Higher Education ("CDHE") and the Division of Private Occupational Schools ("DPOS") are the state regulatory bodies that authorize Defendants to offer degree programs in Colorado.

48. The United States Department of Education regulates post-secondary education institutions, including CollegeAmerica, and the certificates and degrees they offer.

49. Students and former employees have filed complaints that support the allegations herein. Students and former employees have submitted complaints about CollegeAmerica to the Colorado Attorney General, DPOS and ACCSC.

GENERAL ALLEGATIONS

I. Defendants Deceptively Market the Outcomes of CollegeAmerica's Degree Programs

50. Plaintiffs' two-year investigation revealed that Defendants deceptively market their degree programs and mislead students about the likelihood that graduates will earn more money and obtain better jobs with a CollegeAmerica degree, the necessity of a CollegeAmerica degree to obtain particular jobs, and students' eligibility to qualify for certain certifications and jobs upon graduation from CollegeAmerica.

A. Defendants Sell CollegeAmerica as a Gateway to Better, Higher-Paying Jobs

i. Defendants' Advertisements Entice Potential Students With the Promise of High-Paying Jobs

51. Defendants falsely advertise that CollegeAmerica degrees lead to more money and better jobs.

52. One of Defendants' radio advertisements states: "We know you want the best...the best job, the best salary, the best life you can imagine. ... Call...CollegeAmerica. See how easy it is to get started toward achieving the life and paycheck you deserve."

53. One of Defendants' recent TV advertisement states: "[W]ith the right degree you could get out of that dead end job. How? By earning a career focused degree at CollegeAmerica. Go to CollegeAmerica.edu for more information. On average college graduates make $1400 more per month than people without a degree."

54. Another recent TV advertisement states: "You've been lied to. The truth is, the right college degree can lead to a higher paying job. And with the right degree from CollegeAmerica you could get a better job."

55. Defendants' direct mail advertisements state in large bolded font: "You Can Make More Money* and Get a Better Job." The asterisk (*) cites to either a census report from the U.S. Bureau of Labor Statistics ("BLS") or a national wage study with a parenthetical disclosure "(National Statistics, local results may vary)" in very small print. ***See, e.g.,* Exhibit 1.**

56. Other direct mail advertisements state: "You could make more money* and get a better job... with the right degree!" Next to this statement, the mailers list the degrees offered at CollegeAmerica, implying that CollegeAmerica degrees are the "right degree" to make more money and get a better job. ***See, e.g.,* Exhibit 2.**

Again, the asterisk (*) references BLS studies and a parenthetical disclosure in very small print.

57. One of Defendants' direct mail advertisements circulated in 2014 also references the BLS and PayScale Salary Report. The ad states:

> You could earn about a million dollars more* over your lifetime if you hold the right degree. You could make more money and have a real career with a higher degree. Let us show you how. Think about what a bigger paycheck would mean for your future.

See, e.g.,* Exhibit 3**. The asterisk (*) references a small-print disclosure that states "the amount of increased earnings varies by field and degree and your actual earnings could be more or less." The direct mail advertisement also shows an earnings chart for various levels of education. The chart depicts the average annual earnings for an individual with an associate's degree as $44,086; and the average annual earnings for an individual with a bachelor's degree as $57,026. ***Id.

58. In none of the CollegeAmerica advertisements do Defendants inform potential students of the specific employment outcomes of CollegeAmerica graduates, which are typically far less than the wages that Defendants advertise.

ii. Defendants' "Admissions Interviews" Are Sales Pitches Designed to Enroll Rather than to Inform Students

59. When prospective students call CollegeAmerica for information, they are connected to a telemarketer located in a CollegeAmerica call center in Utah. The telemarketer invites the prospective student for a "career planning session" at a CollegeAmerica campus.

60. The "career planning session" is a scripted process. The CollegeAmerica admissions recruiter's goal is to enroll the student into a degree program that day.

61. Defendants use a slide presentation to describe CollegeAmerica's degree programs as "high value" and present the same BLS salary information for associate's and bachelor's degree holders as Defendants' advertisements.

62. Defendants train their admissions recruiters to state that a CollegeAmerica degree leads to a better job and a higher salary.

63. Defendants arm their admissions recruiters with answers to frequently asked questions. All of the answers lead to the same conclusion: all prospective students should enroll in CollegeAmerica today.

64. Defendants train their admissions recruiters to build trust with the prospective student through a step-by-step process to lead the student to the conclusion that they want to enroll in CollegeAmerica.

65. At relevant times, Defendants have compensated and evaluated admissions consultants based on the number of students who enroll and then start classes. Defendants' compensation and bonus system incentivizes admissions recruiters to enroll as many students as possible.

66. If an admissions recruiter fails to meet Defendants' admissions goals, the recruiter faces losing his job.

67. Defendants' representations that their degree programs would lead to higher paying jobs and careers induce students to enroll in CollegeAmerica.

B. CollegeAmerica Does Not Deliver on its Promises

68. Defendants track whether students drop out or graduate, whether graduates are employed, and their job titles, locations, and wages. Defendants have also, at times, tracked the wages reported by students before they enroll and after they graduate from CollegeAmerica.

69. Most CollegeAmerica students never finish their degree programs. Defendants' internal data from 2006 to 2013 shows that 70 percent of the students who enrolled in a degree program at CollegeAmerica campuses in Colorado and Wyoming did not finish.

70. As set forth in more detail below, Defendants' internal graduation data likely overstates student outcomes. Knowing that a low graduation rate could result in the federal government cutting off CollegeAmerica's access to Title IV federal student aid, Defendants pressure their faculty to pass students who fail to meet minimum course requirements.

71. Defendants' internal data show that those students who do graduate are not "getting a better job" or "making more money."

72. Defendants record each student's employment outcome up to approximately one year after graduation. However, Defendants have knowledge of students' employment and financial situation long after they graduate. Former students who are unable to repay CollegeAmerica's institutional student loan (EduPlan) often contact Defendants, or vice versa, to discuss modification of repayment terms. This conversation often includes the graduate's employment and financial status.

Defendants also track graduates who are close to defaulting on their Title IV federal loans.

73. As stated above, Defendants advertise that the average annual earnings for an individual with an associate's degree as $44,086; and the average annual earnings for an individual with a bachelor's degree as $57,026. ***See* Exhibit 3**.

74. In reality, CollegeAmerica students who graduated with an associate's degree reported earning on average $10.97 per hour, or approximately $22,817.60 per year (assuming the graduate is working full time). This is roughly half the amount advertised by CollegeAmerica. ***See* Exhibit 3**.

75. CollegeAmerica students who graduated with a bachelor's degree reported earning on average $14.76 per hour, or approximately $30,700.80 (again, assuming the graduate is working full time). This is slightly more than half the amount advertised by CollegeAmerica. ***See* Exhibit 3**.

76. In the same ad, Defendants advertise salaries under various career headings, including "Business." Under the "Business" heading, Defendants represent that the median starting salary for graduates with a bachelor's degree in accounting was $44,700 in 2011. ***See* Exhibit 3.** It then lists a salary range of $38,940 (the lowest 10%) to $106,880 (the top 10%) for holders of bachelor's degrees in accounting in 2010. The ad cites in tiny print to the BLS as well as PayScale College Salary Report (http://www.payscale.com/college-salary-report), both of which aggregate data from multiple sources.

77. Defendants' data, however, show that graduates of CollegeAmerica's bachelor's in Accounting earn an average of only $13.28 per hour, or approximately $27,622.40 annually – well below Defendants' advertised median starting salary *and* lowest 10% salary range for holders of a bachelor's degree in accounting.

78. Nor do graduates from one of CollegeAmerica's other business degree programs – bachelor's degree in Business Administration or associate's degree in Business Management and Accounting – achieve earnings within the advertised salary ranges in Defendants' ad depicted in **Exhibit 3**.

79. Defendants charge students $74,790 in tuition for the Accounting bachelor's degree and the Business Administration bachelor's degree, and $42,430 for the Business Management and Accounting associate's degree.

80. Nor are CollegeAmerica graduates finding the jobs advertised by CollegeAmerica. Those graduates that do find jobs, whether or not related to their fields of study, likely did not need to attend CollegeAmerica in order to get hired.

81. The slide show Defendants use to recruit potential students features a slide entitled "Career Opportunities" for each of Defendants' programs.

82. Defendants represent that a CollegeAmerica bachelor's degree in Accounting leads to the following career opportunities: accounting specialist, accounting technician, auditor, banker, budgeter, business planner, financial analyst, office manager, payroll accountant, and tax planner/preparer. Defendants represent as places of employment for graduates of the program: small and large businesses, accounting firms, CPA's offices, hospitals, and small and large retail stores.

83. Defendants' internal graduate placement data tell a different story. The jobs listed in Diamond D for graduates of the bachelor's in Accounting include: Office Associate at WalMart Neighborhood Market; Secretary for a contract electrician; Courtesy Clerk at King Soopers; Financial Planner at CollegeAmerica; Manager at Sam's Club; and Ticket Sales at a university.

84. For the bachelor's in Business Administration, the slide lists the following possible job titles: account manager, database administrator, human resource assistant, small business developer, operations manager, purchaser and pricer, banking, entrepreneur, office manager, sales manager, and project coordinator. Defendants advertise the following possible places of employment: small and large businesses, health management facilities, hospitals, and small and large retail stores.

85. Defendants' internal data reflect that approximately 33 percent of Business Administration graduates reported as "employed in field" are employed as customer service representatives, in retail sales, receptionists, administrative assistants, cashiers or other clerical jobs, and in various positions at CollegeAmerica.

86. Defendants report to their accrediting body, ACCSC, an "employed in field" placement rate. Defendants report this rate in terms of a degree program's starting cohort of students and in terms of students who graduated in the 12 months prior to reporting the data. Under both sets of data, since 2008, the "employed in field" placement rates reported by CollegeAmerica for many of its degree programs in Colorado and Wyoming has been 50 percent or lower.

87. Defendants disclose on their web site each degree programs' employed-in-field percentages.

88. In many cases, the employed in field percentages that Defendants report to ACCSC and place on their web site overstate the employment outcomes of CollegeAmerica's graduates. Because ACCSC does not routinely review the

underlying data, Defendants manipulate and misstate their employment data to inflate the percentages.

89. For example, Defendants' data show that Defendants consider the following Business Administration graduates' employment as "in-field": Administrative Assistant at the Denver Post; Front End Clerk at King Soopers; Financial Planners at College America; Receptionist for a wine distributor; Secretary at an elementary school, Sales Representative with Mary Kay; and Assistant Manager at 7-11.

90. Similarly, Defendants' internal data show that Defendants consider the following Business Management and Accounting graduates' employment as "in-field": Sales Representative at JC Penney; Technician/Manager-in-Training at Mieneke; Member Services at Costco; Sales at Walmart; Crew Members at McDonalds, Subway, and Taco Bell; Cashiers; Salespersons; Recreational Aide; and a variety of retail sales associate positions.

91. In their job-placement records for 2011-2013, Defendants frequently classified graduates in a variety of degree programs, but primarily in the Graphic Arts associate's degree program, as employed in field in the role of "owner" or "owner/operator." Defendants' internal employment data specified the job title "Owner," "Owner/CEO," Owner/Designer," "Owner/Driver/Dispatcher," "Owner/Graphic Designer," "Owner/Operator," "Owner/Performer," and "Self-Employed" sixty six times. Of those, 47 are graduates of the Graphic Arts program. Business owners represent 46% of those Graphic Arts students who are listed as "employed in field."

92. In June 2014, Plaintiffs conducted a telephone survey of seventeen of the graduates classified as "Owner," "Owner/CEO," Owner/Designer," "Owner/Driver/Dispatcher," "Owner/Graphic Designer," "Owner/Operator," "Owner/Performer," or "Self-Employed."

93. The graduates told Plaintiffs that, contrary to Defendants' records, they either did not own their own business in 2011, 2012 or 2013, or if they did own a business, it was because CollegeAmerica paid for their business filing with the state. Only three of the graduates had earned income from their business and only one was able to support himself using that income. The single graduate operating a self-sustaining business is a graduate of the Graphic Arts program. He owns a dry walling company.

94. All but one of the "Owner/Operator" graduates interviewed by Plaintiffs stated that they were currently unemployed or employed outside their fields of study. The graduate who stated that he is employed in his field of study is unable to pay his bills. In fact, all but one of the graduates interviewed (the dry wall installer described above) are struggling to pay their bills. Many of the graduates

stated that they had reported their current employment status to Defendants in an effort to reduce their monthly loan payments to Defendants.

C. Defendants Do Not Deliver on the Jobs They Advertise for their Medical Degree Programs

95. Internal graduate employment data for CollegeAmerica's Medical Specialties associate's degree and Healthcare Administration bachelor's degree also show that the actual jobs obtained by graduates are not those advertised by Defendants.

96. Defendants advertise the following jobs as "Career Opportunities" with a Healthcare Administration bachelor's degree: healthcare service administrator, healthcare policy analyst, health insurance administrator, manager in long term care facilities, healthcare consultants, hospital administration, and community health programs administrator. Defendants list hospitals and medical facilities as places of employment.

97. For the Medical Specialties associate's degree, Defendants advertise medical coder, lab technician, pharmacy technician, medical assistant, medical biller, ECG/monitor technician, certified nursing assistant, phlebotomist/IV technician, and medical office administration and, at relevant times, radiology tech, x-ray technology (Ltd. Scope) or limited scope x-ray.

98. Most graduates of the Medical Specialties and Healthcare Administration degree programs who managed to obtain jobs in the medical field obtained low-wage medical assistant positions that do not require a college degree.

99. As discussed in more detail below, Defendants encouraged Medical Specialties graduates to continue their education and enroll into the more expensive Healthcare Administration bachelor's program, which increased Defendants' tuition revenue but provided no tangible benefits to the students.

100. According to Defendants' records, twenty-eight students graduated from the Medical Specialties associate's degree program and also went on to complete a bachelor's in Healthcare Administration. Thirteen of these graduates are reported as employed "in field" with job titles that include a medical assistant, a personal care provider, a pharmacy tech, two phlebotomists and a food services director. The average wage for graduates of both programs who are employed in field is $11.47 per hour.

101. The average wage for graduates of Defendants' Healthcare Administration bachelor's degree program (regardless of whether Defendants considered the graduate as working "in field") is $15.28 per hour. For graduates of Defendants'

Medical Specialties associate's degree program, the average wage is $11.02 per hour.

102. Defendants charge students $42,430 and $74,790 in tuition for the Medical Specialties associate's and the Healthcare Administration bachelor's degree, respectively.

II. Defendants Deceptively Market their Medical Specialties Associate's Degree as a "High Value" Program in Terms of Jobs, Wages, and Certifications

103. Defendants began offering the Medical Specialties associate's degree in 2002.

104. Defendants have advertised the Medical Specialties degree as leading to careers in medical assisting, x-ray technology (Ltd. Scope) or limited scope x-ray, laboratory technology, pharmacy technology, medical coding/billing, phlebotomy, medical office administration, laboratory assisting, pharmacy assisting. Defendants also advertise certifications such as a C.N.A. (certified nurse aid), ECG/Monitor Technician, Insurance Coding, and Phlebotomy Technician.

105. The program attracts the highest number of enrollments of all the degree programs offered by Defendants. More than 45 percent of all students who enrolled at CollegeAmerica's campuses in Colorado and Wyoming enrolled in Medical Specialties. The program has also grown quickly. For example, between 2008 and 2009, the Medical Specialties program at the Fort Collins campus grew from 60 to 146 enrollments (a 146% increase in one year).

106. The Medical Specialties degree program includes a 160-hour (and at relevant times, 120-hour) externship in one of the advertised "specialties," such as phlebotomy or pharmacy. Defendants advertise that Medical Specialties graduates "can choose jobs that interest them and that pay the highest salaries."

107. Admissions recruiters sell prospective students on the idea that they will always be able to find employment because they will be learning multiple skills and obtaining numerous certifications in various medical specialties.

108. Defendants tell prospective students that the Medical Specialties associate's degree is more valuable than individual certificates earned at other schools, such as community colleges.

109. Community colleges offer certificate programs in medical assisting, phlebotomy, pharmacy technician, home-health aide, and medical billing and coding. Certificate programs at local community colleges cost less than $10,000. CollegeAmerica charges $42,430 in tuition and fees for its Medical Specialties

associate's degree program, which is four times more than the most expensive community college certificate programs in one of the medical "specialties."

A. The Medical Specialties Associate's Degree Program Fails to Meaningfully Increase Graduates' Job Prospects

110. Advertisements such as "CollegeAmerica...Delivers Training that Employers Need!," "CollegeAmerica... Delivers Training that Employers Demand!," and "Get the skills today's employers are looking for at CollegeAmerica" suggest that CollegeAmerica is providing degrees required or preferred by employers.

111. Most, if not all, of the jobs that Defendants' Medical Specialties degree is designed to lead to do not require a degree at all. These jobs can be obtained with a high school education, or a much less expensive certificate, or on-the-job experience.

112. Indeed, large, local employers that hire medical assistants do not require or prefer the degree conferred by CollegeAmerica. Similarly, large, local employers that hire pharmacy technicians do not require or prefer the degree conferred by CollegeAmerica.

113. Defendants were put on notice in at least 2009 that CollegeAmerica's Medical Specialties degree is not necessary or even preferred by employers in the field.

114. Further, the certifications that Medical Specialties leads to do not require as associate's degree as a prerequisite to sitting for certification. For example, the National Center for Competency Testing ("NCCT"), the certifying body that certifies Medical Specialties students as medical assistants, requires training or experience.

115. CollegeAmerica claims in its ads that its healthcare degree, which includes Medical Specialties, is the "right degree" as it provides "preparation for certifications." However, CollegeAmerica's certifications are frequently not those that employers actually prefer.

116. For example, in order for an employer to staff its pharmacy with three or more pharmacy technicians, Colorado requires at least one of the technicians to be certified by a nationally recognized certification board, possess a degree from an accredited pharmacy technician training program, or have completed five hundred hours of experiential training in pharmacy-related duties. C.R.S. § 12-42.5-119(1). The Colorado State Board of Pharmacy specifies that "nationally recognized certification board" means the National Association of Boards of Pharmacy ("NABP"). See Colorado State Board of Pharmacy Policy No. 40-6, issued April 17, 2008 and revised July 1, 2012.

117. The NABP recognizes the Pharmacy Technician Certification Board ("PTCB"), which certifies individuals to practice as pharmacy technicians.

118. CollegeAmerica does not prepare students for the PTCB certification test despite the fact that many large employers of pharmacy technicians in Colorado require PTCB certification. CollegeAmerica was put on notice of this fact in at least 2010.

B. Defendants have Misled Students About the Availability of Radiology Externships and Students' Eligibility to Obtain Radiology-Related Certifications Upon Graduation

119. Several of Defendants' ads and admissions presentations have misled students that the Medical Specialties degree leads to careers as radiology technicians or limited scope x-ray operators.

120. Medical Specialties students complain they were led to believe from Defendants' advertisements and admissions recruiters that they would be eligible to become certified as "radiology techs," "limited scope radiology techs," or "x-ray technicians."

121. In reality, CollegeAmerica's Medical Specialties program does not qualify a graduate to sit for certification, upon graduation, as either a radiologic technologist or limited scope (x-ray machine) operator in Colorado.

122. CollegeAmerica's Medical Specialties program is insufficient to lead to a student becoming a radiology technologist upon graduation because it lacks the requisite programmatic accreditation. This means graduates of the program are ineligible to sit for certification awarded by The American Registry of Radiologic Technologists ("ARRT"), the only radiography certifying body in the United States. Therefore, no Medical Specialties graduate is qualified to become certified as a radiologic technologist or "radiology tech" without enrolling in a completely different, accredited program.

123. Defendants' advertisements that their Medical Specialties program leads to certification in "radiology – limited scope" or "x-ray technician (limited)" or "medical assisting with practical radiology" are also false and misleading. Colorado regulates limited scope operators of x-ray machines. The "limited" refers to certain parts of the body, such as the arms or legs.

124. The Colorado Department of Public Health and Environment's Radiation Control X-Ray Unit manages the testing and registration of individuals who wish to practice as Limited Scope Operators.

125. In order to sit for the test, individuals must complete at least 480 hours of clinical experience, which includes 80 procedures under direct supervision of a qualified trainer. Students must sit for the Limited Scope Operator test and score a 75 percent average on all parts of the test. CollegeAmerica's Medical Specialties degree program does not provide students the opportunity to complete these hours prior to graduation.

126. CollegeAmerica students complain of not knowing until the point in the program when they need to find an externship that Defendants had failed to secure any sites that offered experience in operating an x-ray machine. By this time, the students had already accumulated substantial student loan debt.

127. Even if radiology externships were available, the Medical Specialties externship requirement of 160 hours would be far less than the 480 hours required to sit for the Limited Scope Operator test.

128. Defendants fail to disclose to students the lack of radiology externships.

129. Defendants knew at the time they were advertising the Medical Specialties program in Colorado that their representations about the ability of students to become certified in "radiology" were misleading.

130. In 2005 Defendants received a warning from the United States Department of Education that their representations to students about "radiology" certifications were misleading.

131. In fact, the United States Department of Education fined Defendants' Stevens-Henager College campuses in Utah for misrepresenting that the State of Utah offered a state exam for certification in the field of Radiologic Technician. Utah offers no such exam; only ARRT offers an exam.

132. The United States Department of Education also found that Defendants' representation to students of "possible certifications which include X-Ray Technician (Ltd.)" to be deceptive. Despite Defendants' disclosure that "certifications usually require additional cost and study for the examination," the Department of Education found that a student in Utah would not simply need to pay an exam fee and spend extra study time; in fact, the student would have to attend a completely different school in order to be eligible for certification under ARRT.

133. In January 2012, Colorado's Division of Private Occupational Schools ("DPOS") responded to student complaints that students were led to believe Medical Specialties would offer radiology-focused externships and lead to eligibility to sit for

certification exams in radiology. DPOS warned Defendants of the deceptive nature of their radiology technician and limited scope operator representations in Colorado.

134. Defendants acknowledged their programs were insufficient and provided the following disclosure in student catalogs: "[s]tudents should be aware that in most cases additional training and/or clinical experience will be required to sit for certain certification and licensure examinations. (Note: the radiology courses are limited in their scope and do not make a student eligible for an RRT certification.)" However, as Defendants knew, few if any potential students would review the fine print of the catalogue prior to enrolling.

135. Defendants' disclosure is misleading. It fails to state that the Medical Specialties degree absolutely does not lead to eligibility, upon graduation, to become a limited scope x-ray machine operator in Colorado without hundreds of additional hours of specialized training.

136. Since 2005, only one CollegeAmerica graduate has sat for the limited scope x-ray machine operator exam and passed. The student required additional training beyond her CollegeAmerica degree program in order to pass the exam.

C. Defendants Deceptively Market their Healthcare Administration Bachelor's Degree to Medical Specialties Students, Promising Higher Paying Jobs in Management

137. Defendants' admissions recruiters encourage students who complete the Medical Specialties program to enroll into Defendants' Healthcare Administration bachelor's degree program.

138. After Medical Specialties students have progressed through the majority of the program they are contracted by Defendants' admissions recruiters. The recruiters either disparage the types of jobs that the Medical Specialties program leads to, or tell students that they have been selected to enroll into the Healthcare Administration bachelor's degree program because of their academic performance.

139. Defendants represent to students that they will find higher paying jobs in management if they complete the bachelor's degree program.

140. After discovering that the Medical Specialties program has not prepared them for the jobs CollegeAmerica said would be available to them, some Medical Specialties students enrolled in the Healthcare Administration bachelor's degree program.

141. Other Medical Specialties associate's degree students felt they had little choice but to enroll in the Healthcare Administration bachelor's degree as they

could not transfer their credits elsewhere and, if they dropped out, would still be charged 100 percent of the program's tuition.

142. For example, a Medical Specialties student at CollegeAmerica's Fort Collins campus learned from a teacher that graduates of the program were not qualified to be radiology techs -- which contradicted statements made to her during the admissions interview. When the student confronted the admissions department about the contradiction, another recruiter told her the Medical Specialties program was "a crock" and that she should have enrolled in the Healthcare Administration bachelor's degree program because there were more job opportunities with the higher degree.

143. The student enrolled in the Healthcare Administration bachelor's degree. After she graduated, the Career Services department sent her leads for low-wage medical assistant jobs. The student complained of feeling frustrated upon learning that despite her expensive bachelor's degree her job opportunities were no better than those available to her with a Medical Specialties associate's degree.

144. Defendants advertise that the Healthcare Administration program leads to "entry-level management and accounting positions in hospitals, clinics, long-term facilities." In reality, the jobs reported by graduates of the Healthcare Administration degree program are no different than the low-wage jobs held by Medical Specialties graduates.

145. The majority of available jobs are either medical assisting positions or resident caregivers. Neither position requires an associate's degree, let alone a bachelor's degree. (It bears repeating that a medical assistant certification can be obtained for less than $10,000 at local community colleges.)

146. Defendants knew as early as 2008 that the Healthcare Administration bachelor's degree program did not prepare students for the types of jobs advertised – "entry-level management and accounting positions" in "hospitals, clinics, and long-term facilities" – and that students needed either a healthcare background or the opportunity to develop experience through an externship as part of the Healthcare Administration degree.

147. CollegeAmerica's Healthcare Administration program did not, and does not, include an externship requirement for graduation.

148. Each CollegeAmerica campus logs each time they call graduates or send job leads to them. The job leads sent to graduates of the Medical Specialties and Healthcare Administration degrees are virtually identical. The job leads are typically for medical assistants, home health aides, and phlebotomists – jobs that do not require a bachelor's degree or even an associate's degree.

D. Defendants Failed to Disclose that a Criminal History Limits Medical Specialties and Healthcare Administration Graduates from Finding Employment in their Field

149. Defendants failed to warn students that medical certifications, externships, and jobs require a criminal background check.

150. Students complain that had they known about the criminal history limitations, they would not have enrolled in the Medical Specialties program.

151. Students with criminal histories were not only unable to obtain certain certifications and employment in their chosen fields, they were rejected from externship sites.

152. Defendants knew that students' criminal convictions limited or foreclosed their ability to find externships and employment in a medical setting.

153. Defendants would "place" Medical Specialties students with criminal histories in externships on CollegeAmerica campuses doing non-medically related clerical work. Defendants passed these students, received Title IV financial aid to pay the students' tuition, and allowed them to graduate without meeting the requirements set out in the course catalog.

III. Defendants Deceptively Offer EduPlan Loans as a Way to Afford College

154. Defendants' tuition is almost always higher than what a student is eligible to receive in Title IV financial aid. This leaves students with a "gap" in their budget. If a student is unable to obtain additional funds from other sources, such as the Veterans Benefits Administration ("VA"), Defendants enroll students into an EduPlan loan.

155. Plaintiffs reviewed a sample of Defendants' EduPlan loan data. Of the students who enrolled into Defendants' degree programs offered in Colorado, the majority were enrolled in EduPlan loans.

156. Under EduPlan, a student makes nominal monthly payments of as little as $10 while in school. After the student drops out or graduates, an interest rate of at least 7 percent is applied toward the student's EduPlan balance and the monthly payments increase from nominal to substantial.

157. Defendants advertise that their EduPlan loan "makes college affordable" and is available regardless of a student's credit history, including prior default on a

student loan. Advertisements also state that EduPlan loans can help students re-establish their credit.

158. Defendants also send out mailers that state: "You have been selected to receive tuition assistance." Upon information and belief, the "tuition assistance" the mailer refers to is EduPlan, and no meaningful selection process has taken place.

159. Defendants represent in their mailed advertising that "with tuition assistance you can save money as you prepare for a future where you could earn significantly more money – up to $1 million more over the your lifetime! In other words, without a degree you could be losing $2,000 every month in potential earnings."

160. In reality, EduPlan does not make college more affordable or help students re-establish their credit. CollegeAmerica students are more likely to default on their student loans than students at other schools.

161. In truth, EduPlan primarily benefits Defendants. Defendants use it as a marketing tool to induce financially strapped students to enroll.

162. Students often do not understand the terms of EduPlan and that the payments will go up after they graduate.

163. Defendants capitalize on students' inexperience with financial aid and rush them through the process, deemphasizing the financial burden of enrolling into one of Defendants' degree programs.

164. Defendants financially incentivize financial planners to quickly "package" students, meaning get them enrolled and signed up for financial aid, including EduPlan loans.

165. Defendants knowingly enroll into EduPlan students who are unable to understand the terms of their student loans because of an infirmity, illiteracy or ignorance.

166. Defendants conduct no financial analysis or underwriting before offering an EduPlan loan to a student.

167. Defendants write off a large portion of their EduPlan balances.

168. Students who take out EduPlan loans typically receive federal financial aid as well. As stated above, between 25.5 percent and 38.3 percent of CollegeAmerica graduates defaulted on their federal loans since 2009. As Defendants well know,

the federal loan default rate does not take into account the large number of CollegeAmerica students who drop out and never graduate. The default rate also does not include CollegeAmerica graduates whose Title IV student loans are in forbearance, deferment or income-based repayment. This does not change the fact that these students are likely unable to repay their student loans.

169. Despite Defendants' knowledge of the high rate of CollegeAmerica students defaulting on their student loans, Defendants continue to offer EduPlan.

170. Defendants collect students' EduPlan loan payments both in-house and through a third-party servicer. During relevant times, Defendants have sold students' EduPlan debt to third parties.

171. Students who fail to pay on their EduPlan loans are sent to collections and, if they continue to fail to make payments, negative activity is reported to credit bureaus.

172. Upon information and belief, Defendants use EduPlan as a way to meet the U.S. Department of Education's "90/10 rule" which requires CollegeAmerica to receive no more than 90 percent of its tuition revenue from Title IV federal student aid. See 20 USC § 1094(a)(24).

IV. Defendants Deceptively Market their Free GED Program and Scholarships

173. In 2010, CollegeAmerica began offering free General Education Development ("GED") tutoring at its Provo, Utah and Colorado Springs campuses. The program covered the cost of the GED test for each student. CollegeAmerica began offering the Free GED program after noticing an increase in admissions interviews in which prospective students did not have a high school diploma or GED.

174. CollegeAmerica's only admissions requirement is a high school diploma or GED.

175. In 2011 Defendants expanded the Free GED program to all campuses in order to create more eligible enrollees.

176. Defendant Juhlin instructed staff to select prospective CollegeAmerica students out of the GED program by observing each GED participant, giving each student a tour of the campus, and scheduling tutoring for GED students.

177. Defendants directed each CollegeAmerica campus' admissions department to run the Free GED program.

178. Defendants misled students that the Free GED program is a community service and that there are no strings attached to participating in the Free GED program. Defendants pressure students directly and indirectly to enroll in CollegeAmerica.

179. Students who attended the Free GED program and subsequently enrolled in CollegeAmerica say that they did so because they were promised a $3,000 scholarship for completing the Free GED program.

180. Defendants have offered a number of other "scholarships" as part of their so-called Good Neighbor Initiative. In 2012, Defendants advertised that $6 million in scholarship funds were available based on students' racial and ethnic backgrounds, career interests, gender, and marital status.

181. Defendants advertise scholarships in a direct mail piece that discusses "our Preferred Student profile" and states that the recipient has been "selected to receive our Preliminary Scholarship Application." In reality, the "preliminary scholarship application" is nothing more than a lead generator designed to entice a consumer to provide personal information to Defendants, and no meaningful "selection" has taken place.

182. Defendants neglect to disclose in their advertisements that the "scholarship" is in reality a tuition reduction that is applied if the student graduates or, as of 2014, if the student completes a certain portion of the program. By the time a student graduates, Defendants typically have raised the cost of tuition, thereby negating the scholarships altogether. Defendants' so-called scholarship does not reduce the amount a student must take out in Title IV financial aid.

183. Further, if the student who is awarded a scholarship drops for any period of time, which is the case for at least 70 percent of CollegeAmerica students, Defendants revoke the scholarship.

184. Defendants admit that they do not budget for scholarships, despite the fact that they have advertised the availability of "$6,000,000 in scholarships."

185. Upon information and belief, Defendants also use CollegeAmerica's institutional scholarships as a way to meet the U.S. Department of Education's "90/10 rule" which requires CollegeAmerica to receive no more than 90 percent of its tuition revenue from Title IV federal student aid. See 20 USC § 1094(a)(24).

V. Defendants Misled Students that CollegeAmerica Offered Programs of Study When it Did Not

186. Defendants misrepresented the availability of a Diagnostic Medical Sonography ("Sonography") degree program and Emergency Medical Technician ("EMT") training at its Colorado campuses.

187. Defendants advertised a degree program in Sonography in 2010 and included a description of it in the Denver campus' 2012 catalog.

188. Defendants told prospective students in March 2010 that CollegeAmerica was a few months away from launching a Sonography program.

189. To induce students to enroll, Defendants told students that sonographers earn high wages.

190. Defendants instructed students who expressed interest in the advertised Sonography program to initially enroll in the Healthcare Administration bachelor's degree program, promising that credits earned in the Healthcare Administration program would transfer into the forthcoming Sonography program.

191. Several months passed and Defendants did not launch a Sonography program in Colorado.

192. Students who had followed Defendants' instruction and enrolled in the Healthcare Administration program did not receive any Sonography instruction. At least one of the students took classes in the Healthcare Administration program for two years and took out more than $40,000 in student loans while waiting to transfer into the Sonography program.

193. In order to offer a Sonography certificate or associate's degree program of study in Colorado, Defendants must obtain authorization from the Division of Private Occupational Schools (DPOS), pursuant to C.R.S. §12-59-106(1)(c) and Board Rule III.B. In order to offer a bachelor's degree, Defendants must receive approval from the Colorado Department of Higher Education (CDHE) and ACCSC, CollegeAmerica's accrediting body.

194. When Defendants advertised and offered the Sonography program, Defendants knew that they did not have the requisite authority to do so.

195. Defendants continued to represent that the Sonography program was forthcoming through at least 2012, but Defendants did not, upon information and belief, actually offer the program.

196. Defendants do not currently offer a Sonography certificate or degree program.

197. Similarly, students complain that Defendants represented the availability of EMT training at the Fort Collins and Colorado Springs campuses when that was not the case.

198. Defendants instructed students to enroll in CollegeAmerica's Medical Specialties associate's degree program in order to receive the EMT training. The students later learned, after paying thousands of dollars in tuition, that they would not receive any EMT training, which was the primary reason they chose CollegeAmerica.

VI. Defendants Misrepresent (a) their Accelerated Degree Programs, (b) the Cost of Required Text Books, (c) Transferability of CollegeAmerica Credits, and (d) and Graduation Rates

A. Defendants Deceptively Represent that Degree Programs can be Completed in as Little as 15 Months

199. Defendants advertise that students can complete an associate's degree in only 15 months and a bachelor's degree in 30 months by enrolling into one their "accelerated" degree programs.

200. Defendants' website states that students can "start fast, finish fast, and get to work making money sooner."

201. One of the primary reasons that some students enroll in Defendants' degree programs is the promise that they will complete the programs faster than at other schools, which will enable them to start working and earning money sooner.

202. Upon information and belief, the odds of a student completing a CollegeAmerica degree program in as little as 15 months are slim to none, a fact that is not meaningfully disclosed.

203. The United States Department of Education warned Defendants in 2005 that advertisements about their accelerated degree programs were misleading. Defendants' advertisement, at the time, compared the shortest length of time to graduate from one of Defendants' schools to the average length to graduate from other schools – a comparison of apples to oranges.

B. Defendants Mislead Students to Believe Tuition Covers the Cost of Required Text Books

204. Defendants represent that the total tuition cost includes the cost of required books.

205. Students who withdraw from CollegeAmerica complain of being charged for books that they believed were included in their tuition and thus paid for.

206. One of the admissions slides that Defendants' admissions recruiters show to prospective students is entitled "your Tuition Includes" and explicitly states: "All books and supplies included*." The asterisk (*) references a disclosure that only states books are not included in the Masters or Nursing Administration programs.

207. The enrollment agreement that students must sign in order to enroll in CollegeAmerica provides a space for the recruiter to write the total tuition next to a line entitled "Tuition." There is another line below, which, in or around 2009, stated "Other/Books." Defendants modified later iterations of the enrollment agreements to state only "Other." Admissions recruiters drew a line through the space entitled "Other/Books" or "Other" indicating that there was no additional charge for books.

208. On the second page of Defendants' seven-page enrollment agreement, separate from the discussion of costs, under a heading entitled "Institutional Charges upon withdrawal or termination during the term of the first academic year," Defendants state that there is an additional charge for unreturned books.

209. On the third page of the enrollment agreement entitled "Disclosures," Defendants state that buying textbooks is a hardship for students so CollegeAmerica "lends" the books to students.

210. Unless a student closely reads the cancellation policy and disclosures buried in the enrollment agreement there is little chance for a student to know prior to enrollment that books are merely loaned to them.

211. At no time during campus visits or orientation do admissions recruiters or financial planners disclose to students that what Defendants really mean when they say tuition includes the cost of books, is that it includes the cost to borrow books.

C. Defendants Misrepresent and Omit Material Information About Transferability of CollegeAmerica Credits

212. Students complain that CollegeAmerica admissions consultants explicitly or implicitly stated to them during admissions interviews that credits earned at CollegeAmerica transfer to other schools, when in fact it is highly unlikely.

213. In reality, few if any of CollegeAmerica's credits will transfer to other schools.

214. Defendants' disclosures about transfer of credits are in small print along with numerous other disclosures in their enrollment agreements and buried deep in voluminous catalogs.

215. Defendants' enrollment agreement states in small print: "The College makes no representation whatsoever regarding transferring credits to any other college or university. You should assume credits are not transferable unless you have approval from another school."

216. Although Defendants disclose on page 141 of the CollegeAmerica catalog that CollegeAmerica's "credits generally are not transferable to other colleges," students generally do not read this deep into the catalog before enrolling.

217. Notwithstanding these disclosures, students relied on statements by CollegeAmerica admissions recruiters that their credits would transfer.

D. Defendants Wrongly Pass Students Who Fail Courses, which Results in Deceptively Higher Graduation Figures

218. As alleged above, Defendants financially incentivize admissions recruiters to enroll as many students as possible, regardless of whether students show signs that they will not be able to pass their classes.

219. Once students are enrolled, Defendants pressure academic instructors and deans to pass students who receive failing grades, count absent students as present, and encourage students who continuously fail their classes to remain enrolled.

220. Defendants' degree programs are subject to ACCSC accreditation standards that 42 percent of students graduate from an associate's degree program within 150 percent of the normal completion time for the program. The graduation benchmark for bachelor's degree programs is 36 percent.

221. ACCSC requires Defendants to uphold a Student Satisfactory Progress policy, which requires Defendants to ensure students maintain a grade point average of at least 2.0 in order to be eligible for graduation. In instances where a student does not maintain a 2.0, Defendants must place the failing student on academic probation or drop the student.

222. Since 2005, Defendants have reported to ACCSC graduation rates below the requisite benchmark in degree programs offered at CollegeAmerica campuses in Colorado.

223. A high number of administrative drops could lower a program's graduation rate, which could threaten Defendants' accreditation and thus CollegeAmerica's ability to secure federal student aid funds.

224. Instructors at the Fort Collins campus report retribution from Defendants if they fail too many students. Defendants pay instructors on a per-course basis. Instructors who fail students during one academic term, a four-week period called a "mod," find themselves staffed with substantially less courses in the following mod, which lowers their salary.

225. Defendants ensure that students pass by offering extra credit unrelated to the particular student's degree programs.

226. In at least one instance, Defendants knowingly enrolled a student with a cognitive disability. The student failed and retook six courses in Computer Science bachelor's degree program. Because the student would eventually be administratively dropped due to the high number of failed courses and low grade point average, Defendants instructed the student to change his enrollment status from a bachelor's degree to an associate's degree. This student received extra credit by having his blood drawn by students in the Medical Specialties program.

227. Within a few months, the student graduated with an associate's degree.

228. Because of his disability, the student has no prospect of finding a job in his field of study. He is saddled with tens of thousands of dollars in student loans that he cannot afford to repay.

229. Defendants, however, received tens of thousands of dollars in federal financial aid despite the student's inability to benefit from the degree program and find employment.

FIRST CLAIM FOR RELIEF
(Knowingly makes false representations as to approval and certification of goods and services)

230. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 229 of this Complaint.

231. Through the above-described conduct in the course of their business, occupation or vocation, Defendants knowingly made false representations as to the state governmental approval necessary to offer various degrees and certifications, including but not limited to a Sonography degree program and EMT training program, in violation of § 6-1-105(1)(b), C.R.S. (2014).

232. By means of the above-described unlawful deceptive trade practices, Defendants deceived, misled, and unlawfully acquired money from consumers.

SECOND CLAIM FOR RELIEF
(Knowingly makes a false representation as to the characteristics, ingredients, uses, benefits, alterations, or quantities of goods, food, services, or property or a false representation as to the sponsorship, approval status, affiliation, or connection of a person therewith)

233. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 229 of this Complaint.

234. Through the above-described conduct in the course of their business, occupation or vocation, Defendants knowingly misrepresented the outcomes and benefits of certain or all of their degree programs; the characteristics and benefits of their EduPlan loans and scholarships; and the sponsorship, approval or affiliation necessary to offer certain degree programs and certifications, in violation of § 6-1-105(1)(e), C.R.S. (2014).

235. By means of the above-described unlawful deceptive trade practices, Defendants deceived, misled, and unlawfully acquired money from consumers.

THIRD CLAIM FOR RELIEF
(Represents that goods, food, services, or property are of a particular standard, quality, or grade, or that goods are of a particular style or model, if he knows or should know that they are of another)

236. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 229 of this Complaint.

237. Through the above-described conduct in the course of their business, occupation or vocation, Defendants knew or should have known that they misrepresented the outcomes, value and quality of their various degree programs, in violation of § 6-1-105(1)(g), C.R.S. (2014).

238. By means of the above-described unlawful deceptive trade practices, Defendants have deceived, misled, and unlawfully acquired money from consumers.

FOURTH CLAIM FOR RELIEF

(Employs "bait and switch" advertising, which is advertising accompanied by an effort to sell goods, services, or property other than those advertised or on terms other than those advertised and which is also accompanied by refusal to show the goods or property advertised or to offer the services advertised; or disparaging in any respect of the advertised goods, property or services or the terms of sale)

239. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 229 of this Complaint.

240. Through the above-described conduct in the course of their business, occupation or vocation, Defendants enrolled students into associate's degree programs and then disparaged the program in an effort to induce students to enroll into a more expensive bachelor's degree program. Defendants also represented particular training and degree programs as either existing or forthcoming when they knew that it was highly unlikely or not at all possible that such was the case, in violation of § 6-1-105(1)(n)(I) and (II), C.R.S. (2014).

241. By means of the above-described unlawful deceptive trade practices, Defendants have deceived, misled, and unlawfully acquired money from consumers.

FIFTH CLAIM FOR RELIEF
(Failing to disclose material information known at the time with intent to induce the consumer to enter into a transaction)

242. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 229 of this Complaint.

243. Through the above-described conduct in the course of their business, occupation or vocation:

a. Defendants failed to disclose actual graduate employment and wage and certification outcomes to prospective students;
b. Defendants failed to meaningfully disclose that tuition covers only the use, rather than the ownership, of requisite books;
c. Defendants failed to disclose that their advertised scholarships are not applied until the student graduates and thus do not result in a reduction in the amount of Title IV financial aid a student may borrow;
d. Defendants failed to disclose that participants in the Free GED program would be subject to admissions recruitment; and

e. Defendants failed to meaningfully disclose that credits do not transfer to other schools.

Defendants made such representations, but did not make such disclosures, with the intent to induce consumers to enroll into one of their degree programs, in violation of § 6-1-105(1)(u), C.R.S. (2014).

244. By means of the above-described unlawful deceptive trade practices, Defendants have deceived, misled, and unlawfully acquired money from consumers.

SIXTH CLAIM FOR RELIEF
(Refuses or fails to obtain all governmental licenses or permits required to perform the services or to sell the goods, food, services, or property as agreed to or contracted for with a consumer)

245. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 229 of this Complaint.

246. Through the above-described conduct in the course of their business, occupation or vocation Defendants failed to obtain the necessary authorization to offer certain degree programs, in violation of § 6-1-105(1)(z), C.R.S. (2014).

247. By means of the above-described unlawful deceptive trade practices, Defendants have deceived, misled, and unlawfully acquired money from consumers.

SEVENTH CLAIM FOR RELIEF
(Fraudulent or unconscionable conduct in inducing consumers to enter into consumer credit transactions)

248. Plaintiff incorporates herein by reference all of the allegations contained in Paragraphs 1 through 229 of this Complaint.

249. Defendants' conduct was fraudulent or unconscionable in inducing consumers to enter into EduPlan loans for all of the following reasons:

a. Defendants, as the creditor, engaged or are likely to engage in a course of fraudulent or unconscionable conduct.

b. Defendants should have reasonably believed at the time EduPlan loans were made that there was no reasonable probability of payment in full of the obligation by the student-borrowers.

c. Defendants should have known, at the time of the transaction, of the inability of the student-borrowers to receive substantial benefits from the transaction.

d. Defendants knowingly took advantage of the inability of student-borrowers to reasonably protect their interests by reason of physical or mental infirmities, ignorance, illiteracy, or inability to understand the language of the agreement, or similar factors.

e. Defendants' unconscionable conduct has caused or is likely to cause injury to student-borrowers who are unable to repay their student loans, including EduPlan, may default, and may suffer adverse activity on their credit reports.

f. Defendants have been able to cause the injury primarily because EduPlan loans are credit transactions, thereby affecting student-borrowers' credit.

§ 5-6-112, C.R.S. (2014).

250. By means of the above-described unlawful deceptive trade practices, Defendants have deceived, misled, and unlawfully acquired money from consumers.

RELIEF REQUESTED

WHEREFORE, Plaintiffs pray for judgment against Defendants and the following relief:

A. An order declaring Defendants' above-described conduct to be in violation of the Colorado Consumer Protection Act, § 6-1-105 (b), (e), (g), (n), (u), (z) C.R.S. (2014) and the Uniform Consumer Credit Code, §§ 5-5-111, -112, -113 and -114 C.R.S. (2014).

B. An order permanently enjoining Defendants, and their owners, officers, directors, successors, assigns, agents, employees, and anyone in active concert or participation with Defendants with notice of such injunctive orders, from engaging in any deceptive trade practices and unconscionable transactions as defined in and proscribed by the CCPA and the UCCC and as set forth in this Complaint.

C. Appropriate orders necessary to prevent Defendants' continued or future deceptive trade practices and unconscionable transactions.

D. A judgment in an amount to be determined at trial for restitution, disgorgement, or other equitable relief pursuant to § 6-1-110(1) and §§ 5-6-113, and 114 C.R.S. (2014).

E. An order requiring Defendants to forfeit and pay to the General Fund of the State of Colorado civil penalties in an amount not to exceed $2,000 per violation pursuant to § 6-1-112(1), C.R.S. (2014), or $10,000 per violation pursuant to § 6-1-112(3), C.R.S. (2014).

F. An order requiring Defendants to pay the costs and expenses of this action incurred by the Attorney General, including, but not limited to, Plaintiff's attorney fees, pursuant to § 6-1-113(4) and § 5-6-114(3), C.R.S. (2014).

G. Any further orders as the Court may deem just and proper to effectuate the purposes of the CCPA and the UCCC.

Dated this 1st day of December, 2014.

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